JAN 23 1951

OFFICIAL - INFORMAL

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Dear Rankin:

I have your letter of December 20 in which you express your views regarding the potential of Formosa in promoting guerrilla activity on the mainland and in mounting small-scale raids against the South China coast.

Without going into a detailed discussion, I should like to say that considerable thought has been, and is being, given to the questions raised in your letter. It is in interest of an overall survey of the potentialities that the Department's circular airgram of December 27, 1:05 p.m. was sent to selected posts, in the hope that a more accurate assessment of the guerrilla potential could be made.

You are doubtless aware of the political and operational problems which must be met in considering the alternative possibilities. First and foremost of these is the fact that the United States does not have a free hand in view of the divergence of views on the Far East between certain friendly countries and ourselves. Events may later remove the bulk of these differences, but there is still the question of the political effect of employing Kuomintang forces, i.e., the effect on the mainland population and the effect on several friendly States in the general area. Another outstanding difficulty is the shortage of military equipment and supplies, for which there are already several existing high priorities.

I fully agree with you that time is important, and that if efforts are to be made to embarrass the Communist regime, to divert its attention and energies from other fields, and to weaken it with the maximum effect, early implementation of a well-considered program is required.

Our

The Honorable
Karl L. Rankin,
American Chargé d'Affaires ad interim,
Taipei.

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Our commitments in other directions of themselves appear to preclude underwriting at this time a full-dress invasion of the mainland by the Nationalist forces (without consideration of other factors), but I should be interested in receiving your private views with regard to what the Nationalists really have in mind regarding the mainland; what measures the United States can take to implement the proposals you make in your letter; what the Nationalists might "call upon" (statement by the Generalissimo January 13 as reported by Marguerite Higgins) the United States for in logistics, naval and air support; what training program the Nationalist military establishment has begun or may be able to undertake which will fit in with your ideas; and what strength the Nationalists might be able to devote to mainland operations while at the same time assuring an adequate defense of Formosa against a possible Communist assault.

We are naturally desirous that our interest in these matters not become known and that discussion of them be highly restricted.

As you know from informational and other material which you receive, the Department and other agencies of the Government are implementing vigorously military assistance and information programs throughout the general area of the Far East.

Sincerely yours,

Livingston T. Merchant

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